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Report Highlights

Driver's License Issuance and Reinstatement Fees

Office of Motor Vehicles

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Why We Conducted This Review

This informational report evaluated fees charged by the Louisiana Office of Motor Vehicles (OMV) for driver's license issuance and reinstatement, including the amounts collected during fiscal years 2022 through 2024, how OMV's fees compare to other states, and the challenges related to drivers' payment and OMV's collection of these fees. We conducted this review in response to legislative interest.

What We Found

We answered the following questions:

Question 1: What are the major types of fees established in state law related to driver's license issuance and reinstatement, and how are these fees used?

OMV charges issuance fees for obtaining and maintaining Louisiana driver's licenses and identification cards, as well as reinstatement fees to return licenses to good standing (active status) after they are suspended or revoked due to a violation. As of July 2024, there were approximately 3 million active driver's licenses for personal and commercial use in Louisiana. Of the \$164 million OMV collected in license and reinstatement fees during fiscal year 2024, approximately \$30.2 million (18.4%) was used to fund OMV, while the majority of fees collected was distributed to fund other programs, including several other offices within the Department of Public Safety and Corrections (DPS). The exhibit to the right shows the amount of driver's license issuance and reinstatement fees collected in fiscal year 2024, including the amount of reinstatement fees collected from insurance cancellation violations.

| OMV Driver's License Fees Collected in Fiscal Year 2024 | |
|---|----------------------|
| Type of Fees | Amount |
| Driver's License Issuance | \$39,256,407 |
| Driver's License Reinstatement | \$124,726,141 |
| Total | \$163,982,548 |
| Insurance Cancellation Reinstatement Fees | \$103,805,277 |
| Percent of Reinstatement Fees from Insurance Cancellation | 83.2% |
| Source: Prepared by legislative auditor's staff using financial reports provided by OMV. | |

Question 2: How do OMV fees compare to other states?

Louisiana's fees for driver's license renewal are comparable to other states, but Louisiana's maximum reinstatement fees for insurance cancellation are higher than all but one other state reviewed. While Louisiana relies heavily on insurance cancellation fees, 10 (43.5%) of 23 responding states do not charge fees for insurance cancellation violations. Louisiana's insurance cancellation fee accounted for \$103.8 million (83.2%) of the \$124.7 million in reinstatement fees collected in fiscal year 2024. In addition, Louisiana's reinstatement fees for first Driving While Intoxicated (DWI) offenses, which made up 81.3% of DWI suspensions in fiscal year 2024, are 46.5% lower than the average of other analyzed states. We also

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Office of Motor Vehicles (OMV)

What We Found (Cont.)

found that, unlike some states, Louisiana does not require OMV fees to be updated on a regular basis. Finally, the actual amounts paid by Louisiana drivers for OMV services may be higher than the base fees used for our comparisons due to convenience fees collected by third parties that many other states do not allow.

Question 3: How many driver's licenses are suspended or revoked, and how can the requirement to pay OMV fees delay reinstatement of licenses?

As of June 2024, 255,657 (9.1%) of Louisiana's 2,811,435 Class E (Personal) driver's licenses were suspended and/or revoked. Reinstatement fees must be paid before OMV can return a license that has been suspended or revoked to good standing, which can delay individuals who are otherwise compliant from regaining an active license. We found that 58.1% of driver's licenses that were suspended and/or revoked as of June 2022 were still not active as of June 2024, meaning fewer than half of drivers were able to resolve their violations and/or avoid committing subsequent violations during the two-year period.

Question 4: What factors contribute to the high volume of insurance cancellation violations and fees?

More than three-quarters of the licenses that were suspended and/or revoked in both June 2022 and June 2024 had unresolved insurance cancellation violations in both years, reflecting both the frequency of these violations and the difficulty some drivers may face in resolving them. Reinstatement fees for insurance cancellation violations are more expensive than other violations, the amount owed increases the longer a lapse in insurance coverage continues, and one lapse in coverage can result in multiple violations. These fees are also the only type of fees that OMV sends to the Office of Debt Recovery for collection, which adds 15% to the amount owed.

Question 5: What changes in state law related to license suspension and reinstatement fees could be considered to help mitigate the challenges to reinstating licenses after a violation?

The legislature may wish to consider evaluating several areas in state law to help mitigate the negative impacts of license suspension and reinstatement fees. For example, many other surveyed states with insurance cancellation fees have longer grace periods before charging fees than Louisiana. In addition, although 2024 legislation created a Reinstatement Relief Program for insurance cancellation fees, Louisiana could consider expanding this program to all reinstatement fees. Lastly, reevaluating laws that require driver's license suspension and reinstatement fees for non-driving violations could reduce negative impacts of suspending driving privileges and reduce OMV's administrative burden. However, according to OMV, if these changes were made in law, OMV, DPS, and other programs that rely on funding from reinstatement fees would need to find new sources of revenue.

Question 6: What are challenges for OMV related to collecting driver's license and reinstatement fees?

OMV's outdated computer system, which was implemented more than 50 years ago, limits the number of fee transactions that OMV and its vendors can process due to unpredictable outages. According to OMV, its system was down more than 50% of each day during January through March 2025. OMV entered into a contract with Champ Titles, Inc. on July 10, 2025 to implement, host, maintain, and support a replacement system.

We made six matters for legislative consideration.

View the full report, including management's response, at www.lla.la.gov.